



Idaho Legislative Services Office  
Legislative Audits Division

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## 90-DAY FOLLOW-UP REPORT

### STATE OF IDAHO – FY 2010 INTERNAL CONTROL REPORT

On January 31, 2011, the Legislative Services Office released the fiscal year 2010 Internal Control Report. This report is a federally required independent auditor's report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*.

State agencies with findings in this report were contacted in June 2011, and the following describes how each agency has responded to the recommendations.

#### **HEALTH AND WELFARE, IDAHO DEPARTMENT OF**

##### **FINDING 2010S-1**

Medicaid claims payable and related federal grants receivable were underreported.

**We recommended that the Department strengthen the review process and compare estimates to actual activity to ensure that Medicaid claims payable and related grants receivable are properly calculated and reported.**

##### **AUDIT FOLLOW-UP**

The Department is currently reviewing the components used to calculate this payable and receivable, within the parameters of the new Medicaid payment system (MMIS). Reports used to prepare these closing packages are not available at this time. These closing packages are not due for submission to the State Controller until September 6 and 7. We will review the process and reports as soon as they are available.

##### **STATUS – OPEN**

##### **FINDING 2010S-2**

Medicaid provider payments of \$2.5 million did not identify specific claims or include proper coding in the accounting system.

**We recommended that the Department strengthen the review process and compare estimates to actual activity to ensure that Medicaid claims payable and related grants receivable are properly calculated and reported.**

##### **AUDIT FOLLOW-UP**

In the original response to the finding the Department identified three areas of concern that it would work to correct in relation to the miscellaneous payment task code. When we talked with senior management at the

Department, we were shown several tracking reports that Molina has been providing through weekly and monthly meetings with the Department.

The first area of concern related to year-end payments that were recorded to the 2990 Miscellaneous Payment task code. The Department has been working with Molina and as of April 2011 implemented changes to the Fiscal Interface to ensure claims were being assigned to the correct Category of Service (COS) task code. The Department indicates that Molina and internal staff have identified all claims that were incorrectly recorded to task code 2990. A plan is in place to reprocess these claims, which will assign them to the correct COS and task code. The reprocessing of these claims started the week of June 25, 2011 and is scheduled to be complete by the end of July.

The Department continues to meet with Molina on a regular basis to review progress on recouping the interim payments that were made between July and November 2010, which was the second area of concern. A weekly status report is provided to the Department and the Executive Steering Committee. These reports show that a total of \$117 million in interim payments were issued as of December 31, 2010, and as of June 6, 2011, the outstanding balance was \$24 million.

Additionally, as identified by the Department in the response to the original finding, it has been working with Molina to resolve other incorrectly classified payments, which was the third area of concern. The Department indicates that Molina has corrected the issue of Capitation Payments being issued to the incorrect COS and task code, and it is working through the final steps to adjust these prior payments to the correct task code per the Department's capitation financial policy.

We will review these corrective actions to ensure that the concerns raised during the audit have been addressed, and adequate controls have been placed into operation to prevent future errors of this nature.

#### **STATUS – OPEN**

#### **FINDING 2010S-3**

Critical system reconciliations have not been completed on a timely basis.

**We recommended that the Department complete system reconciliations in a timely manner to ensure that all financial activity is properly recorded.**

#### **AUDIT FOLLOW-UP**

The Department indicates that five daily and ten monthly reconciliations have been brought up to date. We have reviewed several reports specific to food stamps and they appear to be up to date. However, the FISCAL to MMIS reconciliation for Medicaid payments has not been completed at this time.

#### **STATUS – OPEN**

#### **FINDING 2010S-4**

Adequate documentation to support \$47,000 of Medicaid expenditures was unavailable.

**We recommended that the Department and the Division of Medicaid improve recordkeeping and maintain adequate documentation for all Medicaid costs to ensure payments are made to eligible providers for eligible client costs.**

**AUDIT FOLLOW-UP**

On June 20, 2011, the Department provided supporting documentation for the expenditures in question.

**STATUS – CLOSED****FINDING 2010S-5**

Adjustments to revenue transactions are not always properly documented.

**We recommended that the Department retain all documentation for adjustments to revenue transactions to ensure the amounts are properly supported and accurate.**

**AUDIT FOLLOW-UP**

The Department established policies and procedures that require supporting documentation be maintained for all revenue transactions.

**STATUS – CLOSED****TREASURER, OFFICE OF THE STATE****FINDING 2010S-6**

One security was misclassified in the investment pool closing package schedule.

**We recommended that the Office strengthen the process for completing closing packages to ensure that reported ratings are properly supported.**

**AUDIT FOLLOW-UP**

We reviewed the process the Office uses to ensure investment information is reported accurately on the closing packages. One employee completes the schedules, attaches the supporting documentation, and forwards the package on for review by an Investment Officer. Additionally, the Office sends a copy of the preliminary schedule and support to the State Controller's CAFR staff for review and comments prior to official submission of the closing package. Once these reviews are complete and any corrections are made, the closing package is submitted electronically to the State Treasurer for approval and then on to the State Controller. This control process will be tested during the fiscal year 2011 audit work to ensure it has been implemented.

**STATUS – OPEN**